

San Bernardino County



Larry Walker

Auditor-Controller/Treasurer/Tax Collector

PRESS RELEASE For Immediate Distribution

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From: Larry Walker, Auditor-Controller/Treasurer/Tax Collector

SAN BERNARDINO COUNTY TREASURER'S STATEMENT ON INVESTMENT POOL RATINGS

San Bernardino, CA — Larry Walker, San Bernardino County Auditor-Controller/Treasurer/Tax Collector responded today to Standard & Poor's downgrade of the fund credit quality rating for the San Bernardino County Investment Pool to AA+f¹ from AAf.

Walker stated, "Standard & Poor's lowering of the County's investment pool rating is not a reflection of the management of the pool or its investment policies. Rather, the action is a result of S&P's downgrade of the long-term sovereign credit rating of the United States. My staff and I are analyzing the potential impacts of the US downgrade on the bond market and evaluating what it means to the investment pool and our investment strategy. The Pool's safety, liquidity, and return continue to be our top priorities."

Mr. Walker also announced that his office was notified by Moody's Investors Service that it is no longer reviewing the County's Investment Pool for a possible downgrade, and has confirmed the Pool's Aaa/MR1² rating. This confirmation follows a July 18, 2011 announcement that Moody's Investors Service had placed the County's Investment Pool on review for possible downgrade due to the Pool's large direct investments in US Treasury and government agency securities.

The Investment Pool's Fitch Rating remains unchanged at AAA/V1³, which is Fitch's highest possible credit quality rating for a public investment pool of its type.

San Bernardino County historically has voluntarily sought the annual rating of its Investment Pool from each of the three major rating agencies. The San Bernardino County Investment Pool is the only county Investment Pool in the State of California that is rated by the three major rating agencies. The County has maintained the highest attainable ratings from all three ratings agencies since 1999 and is recognized as one of the best managed local government Investment Pools in the nation.

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¹ (AA+f) The fund's portfolio holdings provide very strong protection against losses from credit defaults. Fund credit quality ratings, identified by the 'f' subscript, are assigned to fixed-income funds and other actively managed funds that exhibit variable net asset values.

² (AaaMR1) Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk. MR1 Bond Funds rated MR1 are judged to have very low sensitivity to changing interest rates and other market conditions.

³ (AAA / V1) AAA Highest credit quality ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events. V-1: Very Low Market Risk Funds are rated 'V-1' and are considered to have very low sensitivity to market risk. On a relative basis, total returns are expected to exhibit high stability, performing consistently across a broad range of market scenarios. These funds offer very low risk exposure to interest rates, credit spreads and other risk factors. They are generally short-term government or high credit quality bond funds.